

RAJASTHAN FINANCIAL CORPORATION
(FR SECTION)

Ref.No.RFC/23FR/HO/Policy-28/ 1459

Dated.: 17th Nov., 08

CIRCULAR
(FR- 543)

**Reg : NPA Management – Close follow-up and
Monitoring of assisted units**

In order to ensure close follow-up and regular monitoring of assisted units new monitoring mechanism has been introduced vide PG Circular no. 1224 dated 29.04.08 as per which all the assisted units (irrespective of default or no default) including DDW cases and units under possession were distributed amongst the officers posted in Branch Office. These officers are termed as "Supervisory Officers". These officers were required to maintain a register having basic details about each individual unit and will maintain details about the visits / efforts made from time to time indicating each and every crucial point regarding the status of the unit. If any signal about default is noticed (i.e. like persistent irregularity in accounts, invocation of guarantees, operating losses, rejection of products, some machines lying idle, decrease in shifts / workers and other regulatory changes etc.) will report the same to higher ups.

The aforesaid system if implemented in its true spirit may facilitate the Corporation in maintaining the assets quality i.e. prevention of slippages and up-gradation of already slipped accounts.

In order to keep pace with the figures of reduction in NPA level as compared to the previous year, Vision Plan for NPA reduction has been chalked-out as per which the NPA level is to be brought down to the level of 5% or less in the next two years (Circular no. FR-521 dated 03.05.08).

The progress made upto 31.10.08 on the front of NPA reduction reveals that we have been able to bring it down only by Rs. 10 crores (approx.) as against the envisaged reduction of Rs. 86 crores (approx.) which is a serious cause of concern.

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During the BMs Conference held on 10.11.08, while reviewing the Branchwise progress it has been observed that despite clear-cut guidelines and regular insistence at the highest level, the BOs are lacking sincere efforts. It has also been noticed that the BOs have not yet implemented the new monitoring mechanism (Circular no. FR - 515 dated 29.04.08 - PG/1224).

In order to achieve the object of quality recovery, reduction in NPAs and regularization of slipped accounts it has been decided that:-

- i) The BMs will send us a certificate latest by 15.12.08 that the new monitoring mechanism has been implemented and registers are being maintained by the respective Supervisory Officers and visits / inspections of the units are being conducted regularly as per norms.
- ii) The BMs to ensure to take the following actions by 31.12.08 positively:-
 - a. Ensure to take legal action u/s 30/29 in all the cases in which there is default of two or more instalments of principal sum / interest.
 - b. Ensure that the accounts which were Standard as on 31.03.08 and slipped during the year should be upgraded to Standard Category.
 - c. Make wide publicity of various OTS Schemes : 2008-09 by personally contacting the eligible parties and get maximum number of cases registered.
 - d. Ensure that in each and every case line of action has been decided and being followed-up / complied with strictly.
 - e. Ensure to take action for reschedulement in deserving cases as per norms.
 - f. Simultaneous action should be taken u/s 30/29 against primary assets as well as collateral security.
 - g. Revenue Authorities should be contacted personally and monthly meetings of Revenue Officers should be attended by the BM himself alongwith a Tehsilwise list of cases pending with Revenue Authorities.
 - h. Ensure that visits / inspections are being carried-out strictly as per norms.
 - i. The DRC and Deficit cases Review Meetings to review all cases should be conducted as per norms.

- j. The cases in which there is a stay from the court, needs to be closely followed-up for early vacation or bringing the parties for out of court settlement.
- k. Efforts should be made for locating suitable buyers for units under possession u/s 29 / attached under LR Act so as to dispose off the same at competitive prices.

All concerned are accordingly advised to make a note of the above and ensure compliance and send the certificate and feed back / progress made as stipulated above.


(V.P. SINGH)
General Manager (Dev.)

Copy to :

1. All BOs/SOs.
2. DGM(A&I) Ajmer / Jodhpur.
3. Nodal Officer (Shri _____) for follow-up.
4. Standard Circulation at HO.